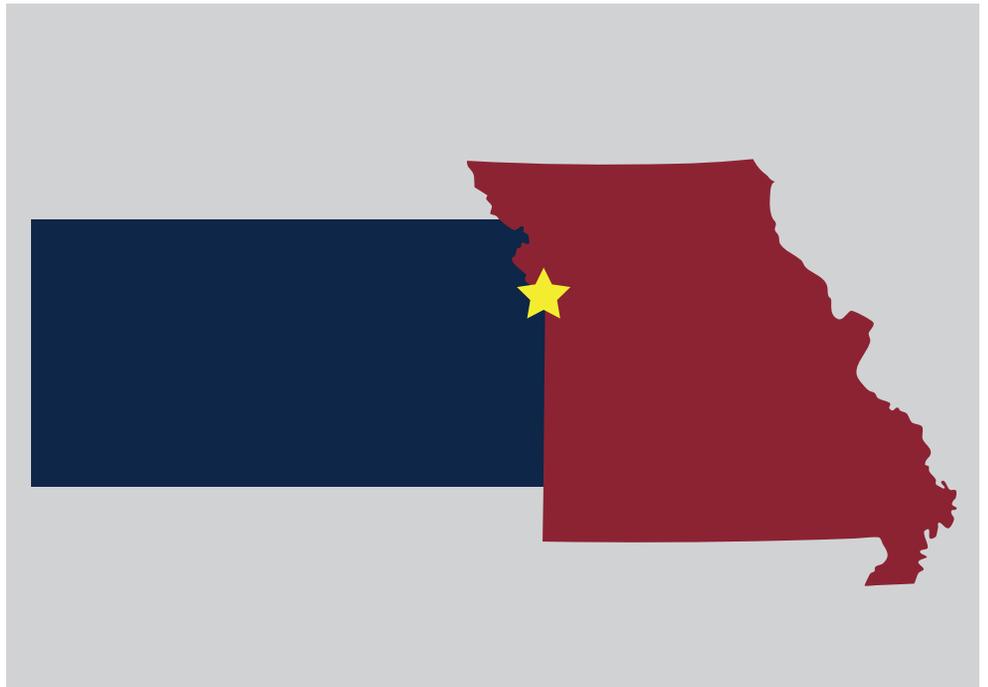




REPORT

JULY 2020



KANSAS CITY: MISSOURI VS. KANSAS

By Aaron M. Renn

KEY TAKEAWAYS

- The Kansas City metropolitan area's relatively strong economic performance (compared to its peers in the Midwest) is attributable chiefly to the Kansas side of the region.
- The Missouri portion of Kansas City, if considered on its own, would still qualify as a "major metropolitan area" but would rank very poorly among its peers, particularly in the areas of per-capita personal income and the number of high-income households.
- The Kansas portion's performance outstrips that of its Missouri counterpart on a broad range of measures, including population growth, jobs, GDP, income, and educational attainment.

EXECUTIVE SUMMARY

Kansas City is an unusual area. The main "Kansas City" municipality at the heart of the region is in the state of Missouri, with the identically named city in Kansas being much smaller. The metropolitan area spans the two states.

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Although the major city of the region is in Missouri, a large portion of the regional population and jobs, including much of the high-income population and high-value employment, are in Kansas. So when the metro area scores well in national rankings, it is difficult to know how each part of the region—the Missouri side and the Kansas side—contributes to the ranking.

This report compares the Missouri portion of the metropolitan area to the Kansas portion of the metro area on several key economic and demographic statistics. It finds that if the metro area consisted only of the Missouri portion of the region, it would rank much lower nationally than the entire region does as a whole. In contrast the Kansas portion of the metropolitan area outperforms the Missouri portion on every measure examined. The Kansas City region is thus dependent on the performance of Kansas for its relatively strong performance nationally and within the Midwest.

INTRODUCTION

With 2.2 million residents, the Kansas City, MO-KS region is the 31st-largest metropolitan area in the country. This places it among the 53 major metropolitan areas in the United States with a population greater than one million people. The federal Office of Management and Budget defines metropolitan areas based on commuting flows, making the metro area a proxy for a labor market and thus an economy. Metro areas are made up of one or more counties. The metropolitan area is the best and most typical way to compare regions on an apples-to-apples basis. Care must be taken not to conflate data about Kansas City as a metro area with data about the municipalities of Kansas City, Missouri, or Kansas City, Kansas.

Kansas City is an unusually structured metro area. It is a bi-state region, making it one of the minority of 15 major metros (28%) that span multiple states. Of these multi-state metropolitan areas, Kansas City has the highest share of its population in states other than the one containing its major city (excluding the anomalous case of Washington, D.C.). The central city of the region is Kansas City, Missouri, but 41.4 percent of area residents reside in Kansas.

The Kansas City metropolitan area regularly ranks as among the best performing in the Midwest region. It is outpacing the nation in population growth, for example. However, the unusual structure of the region raises the question of how the region's overall performance is distributed between its Missouri and Kansas portions.

This report analyzes the performance of the Kansas City metropolitan area by state. Because metropolitan areas are composed of counties or county equivalents, most regional statistics can be broken down by state by aggregating at the county level. In some cases, government statistics, notably jobs, are directly reported by each state's portion of the metro area. The relative performance of each state's portion of the metro area is examined across a number of key economic and demographic statistics. The appendices at the end of this report contain information on the data and sources used, as well as the breakdown of counties by state.

Finding #1: The Missouri Portion of the Kansas City Metro Area on Its Own Would Be a Poorly Performing Metropolitan Region

The Missouri portion of the metropolitan area by itself has a population of 1.3 million, similar to Louisville, Kentucky. That would make the Missouri-only counties of the region a major metropolitan area in their own right were they a standalone region. So the Missouri portion of the Kansas City metropolitan area can be compared to other major metropolitan areas to assess its relative performance.

In every case, the Missouri-only portion of the metropolitan area fares worse as a whole than the complete Kansas City metro area. And the Missouri portion is especially poorly performing on some important measures.

Table 1 compares the level and rank of both (1) the entire Kansas City metro area and (2) the Missouri-only portion of the Kansas City metro area among the 53 major metro areas of the United States.

The Missouri-only portion of the metro performs particularly poorly on income. It would rank in the

bottom ten major metro areas for per capita income. It also ranks low for the share of its households with high incomes (\$100,000 per year or more) and very-high-income households (\$200,000 per year or more). In very-high-income households, the Missouri portion of the metro area would rank third from the bottom nationally. The large differences in rankings between the entire Kansas City metro area and the Missouri-only portion show that higher-income households in the region have disproportionately chosen to live in Kansas.

There is a similar gap for college degree attainment and emerging adult (ages 25–34) college degree attainment. The overall Kansas City region ranks well on these metrics. It has the 18th-highest college degree attainment among all regions and the 20th-highest emerging adult college degree attainment. These drop to 43rd and 33rd, respectively, when examining only the Missouri portion of the metro area.

A similar but less pronounced pattern emerges when examining other statistics for which the percentage growth rate is the best way to compare among regions. These are shown in Table 2.

The Missouri portion of the metropolitan area grew in population at a rate 0.9 percentage points lower than that of the overall region, but would only rank one place lower among large metro areas. Similarly, the job growth rate in the Missouri portion is lower than the overall Kansas City metro area growth rate, but it would only fall three places

Table 1:
Kansas City Metro and Missouri-only Portion: Rankings Among the 53 Major Metro Areas in the United States for Income and College Degree Attainment

	Entire Kansas City Metro		Missouri Portion of Metro Only	
	Value	Rank	Value	Rank
Per Capita Personal Income (2018)	\$53,788	30th	\$47,834	45th
College Degree Attainment, Ages 25+ (2014–2018 ACS)	36.4%	18th	30.6%	43rd
College Degree Attainment, Ages 25–34 (2014–2018 ACS)	40.4%	20th	35.6%	33rd
Households with Income of \$100,000+ (2014–2018 ACS)	29.0%	25th	24.7%	42nd
Households with Income of \$200,000+ (2014–2018 ACS)	6.3%	31st	4.4%	51st

Data sources listed in Appendix B.

Table 2:
Kansas City Metro and Missouri-only Portion: Rankings Among the 53 Major Metro Areas in the United States for Growth in Population, Jobs, Real GDP, and Personal Income

	Entire Kansas City Metro		Missouri Portion of Metro Only	
	Value	Rank	Value	Rank
Population Growth (2010–2019)	7.2%	31st	6.3%	33rd
Job Growth (2010–2019)	13.4%	36th	11.6%	39th
Real GDP Growth (2010–2018)	15.7%	31st	9.1%	46th
Personal Income Growth (2010–2018)	39.3%	32nd	34.8%	40th

Data sources listed in Appendix B.

Table 3:
**Kansas and Missouri Portions of Metro KC Area
 Compared by Income and College Degree Attainment**

	Kansas Portion of Metro	Missouri Portion of Metro
Per Capita Personal Income (2018)	\$62,213	\$47,834
College Degree Attainment, Ages 25+ (2014–2018 ACS)	44.8%	30.6%
College Degree Attainment, Ages 25–34 (2014–2018 ACS)	47.4%	35.6%
Households with Income of \$100,000+ (2014–2018 ACS)	35.3%	24.7%
Households with Income of \$200,000+ (2014–2018 ACS)	9.0%	4.4%

Data sources listed in Appendix B.

Table 4:
**Kansas and Missouri Portions of Metro KC Area
 Compared by Growth in Population, Jobs, Real GDP, and
 Personal Income**

	Kansas Portion of Metro	Missouri Portion of Metro
Population Growth (2010–2019)	8.9%	6.3%
Job Growth (2010–2019)	15.8%	11.6%
Real GDP Growth (2010–2018)	23.8%	9.1%
Personal Income Growth (2010–2018)	44.6%	34.8%

Data sources listed in Appendix B.

in the rankings. The ranking drop would be greater for personal income and real GDP.

In summary, the Missouri portion of the metro area by itself would perform worse and be ranked lower on all the statistics above as compared to the Kansas City metro area as a whole. This is due to the superior performance of the Kansas portion of the region compared to the Missouri portion. Table 3 directly compares the two parts of the overall metro area.

Table 4 compares the Kansas and Missouri portions of the metro area for statistics in which the growth rate is the best basis of comparison.

Finding #2: Within the Metro Area, Kansas Outperforms Its Population Share on All Key Measures

Another way to compare the performance of the Kansas and Missouri parts of the metropolitan area is to measure their share of various measures of demographic and economic performance relative to their share of the base population. The Kansas portion of the metropolitan area accounts for 41.4 percent of the overall regional population. However, it exceeds that share on all key measures as shown in Figure 1.

While the job share of the Missouri portion of the metro area is less than three percentage points lower than its population share, it fares worse on all other measures. This suggests that Kansas has attracted a disproportionate share of the high-

value jobs and highly educated, higher-income regional residents.

ANALYSIS

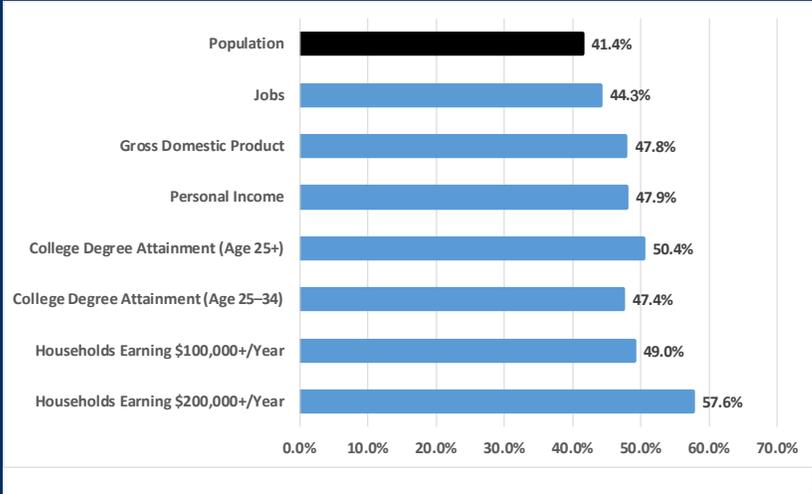
What accounts for the difference in performance between the two regions? This report will not attempt to provide definitive answers, but will highlight potential contributing factors.

One key factor is that the most affluent suburbs of the Kansas City region are in Kansas. Many U.S. metropolitan areas have what is known as a “favored quarter,” or a roughly one-quarter sized portion of the region that contains the majority of fast-growing, high-income areas. In Kansas City, the favored quarter is in Kansas, principally consisting of Johnson County, Kansas, suburbs. Of large multi-state metro areas, in only three is the suburban county with the highest per-capita income located outside the state containing the region’s major city. Kansas City is one of them.¹

In the large metro areas that span multiple states, it is common for major geographic barriers, especially rivers, to separate the principal city from an adjacent state. This is the case in St. Louis, for example, where the Mississippi River is a barrier between Missouri and Illinois. This tends to inhibit the development of the far side of the river, producing an unbalanced population distribution with the highest-value economic activity and highest-paying jobs being located on the same side of the river in the same state as the principal city.

In the case of Kansas City, the Missouri River only serves as the state boundary in part of the metro area, with a simple meridian line separating the two states on dry land

Figure 1:
Kansas Share of the Metro Area, Various Economic Measures



Note: All data are for the most recently available year.

through much of the area. This is where Johnson County, Missouri abuts both the state line of Missouri and the municipal limits of Kansas City, Missouri. Without a geographical barrier to make commuting more difficult, it has been relatively easy for suburbanization to cross the state boundary into Kansas. In Johnson County suburbs, residents pay less in taxes and have higher-quality schools in than in the city of Kansas City, while remaining immediately adjacent. As has happened elsewhere, once highly educated and higher-income residents chose to live in Johnson County, high-value economic activity followed.

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¹ In New York City the counties with the highest per capita income are in New Jersey. In Washington, DC all of the suburban counties are part of states other than the independent federal District of Columbia.

APPENDIX A**COUNTIES IN THE KANSAS CITY,
MISSOURI-KANSAS METROPOLITAN
AREA**

The Kansas City, MO-KS metropolitan area as designated by the federal Office of Management and Budget consists of 14 counties, nine in Missouri and five in Kansas as listed in the table below.

Missouri Counties	Kansas Counties
Bates County, MO	Johnson County, KS
Caldwell County, MO	Leavenworth County, KS
Cass County, MO	Linn County, KS
Clay County, MO	Miami County, KS
Clinton County, MO	Wyandotte County, KS
Jackson County, MO	
Lafayette County, MO	
Platte County, MO	
Ray County, MO	

APPENDIX B**DATA AND SOURCES**

This report uses the data and sources listed in the table below.

Measure	Source
Population	Decennial Census and Census Bureau Population Estimates Program
Jobs	Bureau of Labor Statistics, Current Employment Statistics, State and Area Employment series
Total Personal Income	Bureau of Economic Analysis, Regional Economic Accounts
Per Capita Personal Income	Bureau of Economic Analysis, Regional Economic Accounts
Gross Domestic Product	Bureau of Economic Analysis, Regional Economic Accounts
Educational Attainment (Adults Aged 25+ with a Bachelor's Degree or Higher)	Census 2000 and American Community Survey 5-yr Survey
Young Adult Educational Attainment (Aged 25–34 with a Bachelor's Degree or Higher)	Census 2000 and American Community Survey 5-yr Survey
High Income Households (Annual Income of \$100,000+)	Census 2000 and American Community Survey 5-yr Survey
Very High Income Households (Annual Income of \$200,000+)	Census 2000 and American Community Survey 5-yr Survey

In general, levels are measured at 2000, 2010, and the most recent available annual data release, typically 2018. For gross domestic product, the initial measure is 2001, the first year of data availability. For data relying on the American Community Survey, data are measured for 2000, for the 2008–2012 survey, and for the 2014–2018 survey.²

² The 1-yr ACS survey would permit obtaining data for a specific year, such as 2010 and 2018, but includes only counties with a population of 65,000 or more and so does not contain complete information needed because various counties within the metropolitan data are not included.



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